

Internal Service Funds

Employee Benefits Fund

2003 Cash Balance Statement

In 1993, the employee benefits fund was established. A portion of this fund is dedicated to the administration of the risk management section of the Department of Human Resources. Previously, costs associated with the administration of this section were funded with general fund monies. However, these costs were transferred to the employee benefits internal service fund soon after its creation. This fund's primary source of revenue is the monthly insurance premium paid by each division for all participating employees of the city's insurance program. The transfer of risk management expenditures to this fund more equitably distributes costs associated with insurance activities to all city divisions and funds.

2003 FUND BALANCE SUMMARY

Unencumbered Cash Balance (January 1, 2003)	\$ -
Plus Estimated 2003 Receipts	1,684,592
Total Estimated Available Resources	\$ 1,684,592
Less 2003 Recommended Operating Budget	(1,684,592)
Projected Available Balance (December 31, 2003)	<u>\$ -</u>

Revenue Notes:

- The figures cited above reflect only the revenues and expenditures associated with administration of the risk management section of the Department of Human Resources.
- Revenues and expenditures associated with the payment of claims are not represented in this section.

Print Services Fund

2003 Cash Balance Statement

The print and copy center operates as an internal service fund, with costs supported by billing user agencies for print and copy services provided. The print services fund is projected to begin 2003 with an unencumbered cash balance of \$144,818. This carryover balance is an 18.4 percent decrease from 2002. Revenue receipts for 2003 are projected to remain at the 2002 level.

2003 FUND BALANCE SUMMARY

Unencumbered Cash Balance (January 1, 2003)	\$ 144,818
Plus Estimated 2003 Receipts	255,121
Plus Estimated Encumbrance Cancellations	<u>1,000</u>
Total Estimated Available Resources	\$ 400,939
Less 2003 Recommended Operating Budget	(332,865)
Projected Available Balance (December 31, 2003)	<u>\$ 68,074</u>

Land Acquisition Fund

2003 Cash Balance Statement

Revenues to the land acquisition fund are comprised of charges to other city divisions for land acquisition services. The 2003 revenue estimate is based on a projection of 6,530 hours of services billed at a rate of \$120 per hour. This hourly rate became effective October 1, 1999, and reflects the results of an extensive study of the Land Acquisition Division's fee structure and division of work between the general fund and other funds conducted in 1998.

2003 FUND BALANCE SUMMARY

Unencumbered Cash Balance (January 1, 2003)	\$ 93,272
Plus Estimated 2003 Receipts	783,600
Plus Estimated Encumbrance Cancellations	<u>10,000</u>
Total Estimated Available Resources	\$ 886,872
Less 2003 Recommended Operating Budget	<u>(722,140)</u>
Projected Available Balance (December 31, 2003)	<u>\$ 164,732</u>

Technology Services Fund

2003 Cash Balance Statement

The technology services fund is projected to begin 2003 with a negative unencumbered cash balance of \$3,145,613. The Department of Finance, in collaboration with the Department of Technology, is soliciting proposals to develop a charge-back methodology for information technology services. It is expected that the project can be completed by the end of the second quarter of 2003. Both the Department of Finance and the Department of Technology are committed to ensuring that the rate structure is recovering the cost of operations.

2003 FUND BALANCE SUMMARY

Unencumbered Cash Balance (January 1, 2003)	\$ (3,145,613)
Plus Estimated 2003 Receipts	18,402,708
Plus Estimated Encumbrance Cancellations	<u>35,000</u>
Total Estimated Available Resources	\$ 15,292,095
Less 2003 Recommended Operating Budget	(18,214,236)
Projected Available Balance (December 31, 2003)	<u>\$ (2,922,141)</u>

Information Services Division Fund Pro Forma Operating Statement

A pro forma operating statement for the ten-year period beginning in 2002 follows this section. It represents the non-general fund portion of the Technology Director's Office and the Division of Information Service's revenues and expenditures for that period. The major assumptions included are as follows:

- Administrative costs in 2003 are divided among three sections: computer operations, programming and technical services.
- Debt service for terminal replacement, system migration, network expansion, the city's Oracle site license, and enterprise-wide network management software represents \$1,060,000 in 1994; \$1,150,000 in 1996; \$679,467 in 1997; \$2,035,000 in 1998; \$750,000 in 1999; \$500,000 in 2000; \$3,350,000 in 2003; \$1,900,000 in 2004; \$750,000 in 2005; and \$500,000 each year in 2006 through 2008. Of the amounts listed, \$2,350,000 and \$1,400,000 are planned for the citywide 311 call center in 2003 and 2004, respectively.
- Operating expenditures are inflated at a blended rate of 3.8 percent per year, representing the overall effect of inflation of 12 percent for health insurance, 4

percent for personnel costs (exclusive of health insurance), and 3 percent for most other operating expenses.

- Details related to operating expenditures for year 2003 and beyond are as follows:

Administration

Provides general administrative support to other functional areas of ISD.

Applications Programming

Supplies development, design, maintenance and enhancements to computer programs and systems.

Computer Operations

Provides continuous operation and maintenance of the city's computer systems, related peripheral equipment, data communications systems and post report printing operations. Includes maintenance and support of city mainframe equipment (\$200,000), lease and maintenance on high-volume printers (\$201,500) and Unix software licensing and maintenance (\$102,000).

Technical Services

Offers technical assistance to user agencies, maintaining servers, software and supporting desktops. Technical services budget includes: anti-virus software (\$105,000); Windows NT support and equipment (\$403,000); centralized help desk and desktop support (\$634,000).

Mailroom Services

Provides for postage related to citywide mail processing.

Telephone Services

Provides for the purchase of phones for city agencies.

GIS Section

Includes funding for contract project management, software maintenance, and two staff members.

Metronet

Includes funding for operations and maintenance of the citywide fiber optic network. The metronet budget includes support for equipment maintenance (\$402,207), consulting expertise (\$192,000) and six staff members.

Arlingate

Cost of operations including utilities, security and maintenance on the UPS and generator systems.

Enterprise Licensing

Funding for enterprise licenses for CA Unicenter software maintenance and support (\$715,030), Oracle (\$315,069), and the Microsoft citywide site license (\$995,597).

Internal Service Funds

Information Services Division Pro Forma Operating Statement													
	Actual 2000	Actual 2001	Estimated 2002	Projected 2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating Revenue:													
Data Center Revenue	\$ -	\$ 13,744,320	\$ 9,627,378	\$ 11,670,052	\$ 12,282,930	\$ 13,112,115	\$ 13,644,989	\$ 14,153,300	\$ 14,543,713	\$ 15,005,608	\$ 15,323,236	\$ 15,743,158	\$ 16,210,848
Mailroom Revenue	-	1,267,273	1,402,466	1,257,270	1,305,046	1,354,638	1,406,114	1,459,547	1,515,009	1,572,580	1,632,338	1,694,367	1,758,753
Technology Director's Office	-	-	1,061,543	1,207,086	1,252,955	1,300,568	1,349,989	1,401,289	1,454,538	1,509,810	1,567,183	1,626,736	1,688,552
Direct Bill Items	-	-	5,001,620	4,035,328	4,188,670	4,347,840	4,513,058	4,684,554	4,862,567	5,047,345	5,239,144	5,438,231	5,644,884
Telephone Services Revenue	-	18,288	-	44,500	45,835	47,210	48,626	50,085	51,588	53,135	54,729	56,371	58,062
Total Operating Revenue	10,412,954	15,029,880	17,093,007	18,214,236	19,075,437	20,162,370	20,962,777	21,748,774	22,427,415	23,188,478	23,816,629	24,558,863	25,361,099
Worker Comp Refund	-	61,189	-	-	-	-	-	-	-	-	-	-	-
Insurance/Postage Refund	-	-	-	188,472	-	-	-	-	-	-	-	-	-
Encumbrance Cancellations	53,427	794,465	50,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Other Revenue	-	2,172	-	-	-	-	-	-	-	-	-	-	-
Transfer/Non Billings	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	10,466,381	15,887,705	17,143,007	18,437,708	19,110,437	20,197,370	20,997,777	21,783,774	22,482,415	23,223,478	23,851,629	24,593,863	25,396,099
Beginning Fund Balance	(1,395,818)	(2,015,089)	(2,888,918)	(3,145,613)	(2,922,141)	(2,887,497)	(2,853,233)	(2,819,375)	(2,785,949)	(2,752,984)	(2,720,509)	(2,688,554)	(2,657,154)
Total Resources	9,070,563	13,872,616	14,274,089	15,292,095	16,188,296	17,309,874	18,144,544	18,964,400	19,676,466	20,470,494	21,131,121	21,905,309	22,738,945
Operating Expenses													
Personnel	3,291,664	3,997,754	4,388,920	-	-	-	-	-	-	-	-	-	-
Supplies	329,164	235,301	375,045	-	-	-	-	-	-	-	-	-	-
Services	6,052,781	5,291,437	5,608,098	-	-	-	-	-	-	-	-	-	-
Equipment	126,892	154,452	159,368	-	-	-	-	-	-	-	-	-	-
Administration	-	-	-	1,441,565	1,496,344	1,553,206	1,612,227	1,673,492	1,737,085	1,803,094	1,871,611	1,942,733	2,016,557
Applications Programming	-	-	-	1,539,020	1,597,503	1,658,208	1,721,220	1,786,626	1,854,518	1,924,990	1,998,139	2,074,068	2,152,883
Computer Operations	-	-	-	2,171,450	2,253,965	2,339,616	2,428,521	2,520,805	2,616,586	2,716,026	2,819,235	2,926,366	3,037,588
Technical Services	-	-	-	4,206,094	4,365,926	4,531,831	4,704,040	4,882,794	5,068,340	5,260,937	5,460,853	5,668,365	5,883,763
Metronet	-	-	-	1,211,802	1,257,850	1,305,649	1,355,263	1,406,763	1,460,220	1,515,709	1,573,306	1,633,091	1,695,149
Mailroom Services	-	-	-	1,257,270	1,305,046	1,354,638	1,406,114	1,459,547	1,515,009	1,572,580	1,632,338	1,694,367	1,758,753
Telephone Services	-	-	-	44,500	46,191	47,946	49,768	51,659	53,622	55,660	57,775	59,971	62,250
GIS Section	-	-	-	360,852	374,357	388,582	403,348	418,676	434,585	451,100	468,241	486,035	504,504
CTO Office	557,698	2,432,993	1,061,543	1,207,086	1,252,955	1,300,568	1,349,989	1,401,289	1,454,538	1,509,810	1,567,183	1,626,736	1,688,552
Direct Bill Items to Other Fund Agencit	-	3,831,710	5,023,040	4,035,328	4,188,670	4,347,840	4,513,058	4,684,554	4,862,567	5,047,345	5,239,144	5,438,231	5,644,884
Net Change in Encumbrances	4,001	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	10,362,200	15,943,647	16,596,014	17,474,767	18,138,808	18,828,083	19,543,550	20,286,205	21,057,081	21,857,250	22,687,825	23,549,963	24,444,861
Debt Service	723,452	797,887	823,688	739,469	936,985	1,335,024	1,420,369	1,464,144	1,372,369	1,333,753	1,131,850	1,012,500	920,425
Total Expenses	11,085,652	16,741,534	17,419,702	18,214,236	19,075,793	20,163,107	20,963,919	21,750,349	22,429,449	23,191,003	23,819,675	24,562,463	25,365,286
Annual Surplus/Deficit	(619,271)	(853,829)	(276,695)	223,472	34,644	34,264	33,858	33,426	32,965	32,475	31,954	31,401	30,813
Ending Fund Balance	\$ (2,015,089)	\$ (2,868,918)	\$ (3,145,613)	\$ (2,922,141)	\$ (2,887,497)	\$ (2,853,233)	\$ (2,819,375)	\$ (2,785,949)	\$ (2,752,984)	\$ (2,720,509)	\$ (2,688,554)	\$ (2,657,154)	\$ (2,626,341)

Fleet Management Fund

2003 Cash Balance Statement

The fleet management services fund is projected to end 2002 with a positive unencumbered cash balance of \$650,626. The projected 2003 revenue is based on an hourly labor rate of \$54 per hour. Fleet Management is projected to end 2003 with a positive cash balance of \$485,336. The fund balance will be spent down in 2006 and 2007 as the division's debt service payments increase.

2003 FUND BALANCE SUMMARY

Unencumbered Cash Balance (January 1, 2003)	\$ 650,626
Plus Estimated 2003 Receipts	18,804,556
Plus Estimated Encumbrance Cancellations	300,000
Total Estimated Available Resources	\$ 19,755,182
Less 2003 Recommended Operating Budget	(19,269,846)
Projected Available Balance (December 31, 2003)	<u>\$ 485,336</u>

2003 Revenue Summary

The Fleet Management Division recovers its costs by billing user divisions for services provided. The revenue includes a \$54 per hour labor rate, a 22 percent mark-up on parts, a 5 percent mark-up on commercial services and credit card fuel purchases, and a fuel overhead rate of \$.24 per gallon for bulk fuel. The 2003 revenue estimate reflects increases from all revenue sources.

Revenues, including the unencumbered balance and encumbrance cancellations, will total \$19,755,182 in 2003, a decrease of 3.1 percent over 2002.

FLEET MANAGEMENT REVENUE BY SOURCE AND YEAR HISTORICAL AND PROJECTED 2000-2003				
REVENUE SUMMARY	2000 Actual	2001 Actual	2002 Estimated	2003 Proposed
Public Safety	\$ 7,499,432	\$ 7,002,918	\$ 7,733,662	\$ 7,505,024
Refuse Collection	5,414,240	5,549,708	5,581,187	5,481,334
Other General Fund	1,800,765	1,658,044	995,645	897,408
Other Funds	4,359,021	3,850,973	4,620,978	4,534,461
Refunds/Miscellaneous	97,488	61,720	62,968	70,000
Insurance Adjustment	-	144,489	-	316,329
Unencumbered Balance	(5,471)	1,026,776	1,090,405	650,626
Encumbrance Cancellations	273,265	336,348	307,630	300,000
Bond Proceeds	-	-	-	-
TOTAL RESOURCES	\$ 19,438,740	\$ 19,630,976	\$ 20,392,475	\$ 19,755,182
PERCENT CHANGE		0.99%	3.88%	-3.13%

Fleet Management Services Fund Pro Forma Operating Statement

A pro forma operating statement for the ten-year period beginning in 2002 is presented on the following pages. It represents the Division of Fleet Management's revenues and expenditures for that period, given certain assumptions, and is essential in planning recovery rate percentage increases or decreases and for maintaining an acceptable end of year balance. The major assumptions included in this pro forma are as follows:

- Operations and maintenance expenses, excluding health insurance, are inflated at 3 percent per annum. Health insurance costs will grow by 12 percent after 2003.
- Debt service principal and interest have been broken out separately. The debt service principal and interest payments represent reimbursement to the special income tax fund for the retirement of bonds issued to design and construct the division's new facility.
- \$700,000 in debt is projected to be issued in late 2003 for costs associated with additional design services for the new fleet facility. Debt service payments for design and architectural services began in 1999; payments for construction costs begin in 2005.
- The recovery rates in the pro formas are adjusted as necessary in order for the division to maintain positive year-end unencumbered cash balances. This pro forma indicates a 3.1 percent decrease in revenues in 2003 and a 6.5 percent increase in 2004 as necessary to meet that goal. The following years project increases in revenues to maintain a positive balance.

DIVISION OF FLEET MANAGEMENT
PRO FORMA OPERATING STATEMENT

REVENUE SOURCE	Actual 2000	Actual 2001	Estimated 2002	Projected 2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
MAINTENANCE SERVICE CHARGES:														
Public Safety	\$ 7,499,432	\$ 7,002,918	\$ 7,733,862	\$ 7,505,024	\$ 7,992,851	6.50%	\$ 8,512,386	6.50%	\$ 9,065,691	3.50%	\$ 9,582,980	3.50%	\$ 10,051,294	3.50%
Refuse Collection	5,414,240	5,549,708	5,581,187	5,481,334	5,837,621	6,217,066	6,621,175	6,852,916	7,092,769	7,341,015	7,597,951	7,863,879	8,139,115	
Other General Fund Divisions	1,800,765	1,658,044	995,645	897,408	955,740	1,017,863	1,084,024	1,121,964	1,161,233	1,201,876	1,243,942	1,287,480	1,332,542	
Other Funds	4,359,021	3,850,973	4,620,978	4,534,461	4,829,201	5,143,099	5,477,400	5,669,109	5,867,528	6,072,892	6,285,443	6,505,434	6,733,124	
State Highway/Fuel Tax Refund	62,340	61,720	57,601	60,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	
Miscellaneous Revenues	35,148	144,489	5,368	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048	
Insurance Refund				316,329										
Bond Proceeds														
TOTAL REVENUE	19,170,946	18,267,852	18,994,441	18,804,556	19,720,712	20,996,023	22,354,218	23,133,236	23,939,518	24,774,018	25,637,724	26,531,658	27,403,041	
Beginning Fund Balance	(5,471)	1,026,776	1,090,405	650,626	485,336	438,383	396,688	283,435	184,009	80,214	27,892	14,852	26,870	
Encumbrance Cancellations	273,265	336,348	307,630	300,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000	275,000	
TOTAL RESOURCES	19,438,740	19,630,976	20,392,476	19,755,182	20,481,048	21,709,406	23,025,906	23,691,670	24,398,526	25,129,232	25,940,616	26,821,510	27,704,911	
EXPENDITURES														
Operations and Maintenance														
Personnel Services	5,851,211	6,036,591	5,892,819	6,139,076	6,384,639	6,347,785	6,547,689	6,809,596	7,081,980	7,294,440	7,513,273	7,738,671	7,970,831	
Health Insurance	813,566	970,173	880,299	858,017	960,979	1,076,297	1,205,452	1,350,106	1,512,119	1,693,573	1,896,802	2,124,418	2,379,349	
Materials & Supplies	8,560,059	8,402,803	8,890,818	8,821,164	9,085,799	9,358,373	9,639,124	9,928,298	10,226,147	10,532,931	10,848,919	11,174,387	11,509,618	
Services	2,917,511	3,027,985	3,606,856	2,967,241	3,056,258	3,147,946	3,242,384	3,339,656	3,439,846	3,543,041	3,643,332	3,758,812	3,871,576	
Other Disbursements	22,599	192	2,167	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	
Capital	190,430	47,477	57,320	62,000	63,860	65,776	67,749	69,782	71,875	74,031	76,252	78,540	80,896	
Transfers	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Operations & Maintenance	18,355,376	18,485,221	19,330,279	18,852,498	19,556,685	20,001,480	20,707,862	21,503,065	22,337,763	23,143,987	23,990,728	24,881,162	25,818,794	
Director's Office	0	0	357,496	384,199	399,567	415,550	432,172	449,458	467,437	486,134	505,580	525,803	546,835	
Debt Service														
Principal	30,000	30,000	30,000	7,799	30,000	65,000	775,000	770,000	770,000	770,000	770,000	770,000	770,000	
Interest	26,588	25,350	24,075	25,350	56,413	830,688	827,438	785,138	743,113	701,219	659,456	617,675	575,856	
Total Debt Service	56,588	55,350	54,075	33,149	86,413	895,688	1,602,438	1,555,138	1,513,113	1,471,219	1,429,456	1,387,675	1,345,856	
TOTAL EXPENSES	18,411,963	18,540,571	19,741,850	19,269,846	20,042,665	21,312,717	22,742,471	23,507,661	24,318,312	25,101,340	25,925,764	26,794,640	27,711,486	
ENDING FUND BALANCE	\$ 1,026,776	\$ 1,090,405	\$ 650,626	\$ 485,336	\$ 438,383	\$ 396,688	\$ 283,435	\$ 184,009	\$ 80,214	\$ 27,892	\$ 14,852	\$ 26,870	\$ (6,574)	

